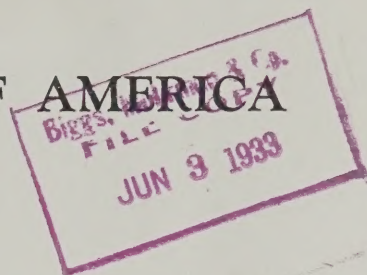


ANNUAL STATEMENT
—OF THE—
BEARINGS COMPANY OF AMERICA
LANCASTER, PA.



For the year ended December 31, 1926

February 15th, 1927.

TO THE STOCKHOLDERS:

Your Directors present herewith annual report for the year 1926 and attach hereto our Balance Sheet as of December 31st, 1926.

You will note the very sound financial condition indicated by the Balance Sheet. During the year all expenses incident to organization have been absorbed, as well as other non-recurrent expenses. We have depreciated machinery, tools, equipment, buildings and patents liberally. After providing for Preferred Stocks, \$146,074 is added to earned surplus.

The outlook for the coming year is splendid. We have introduced our main product to many new prospects whose tests of it have been very gratifying to us and present indications point to our securing some large and satisfactory accounts on this line during 1927.

Sincerely yours,

F. M. GERMANE, President

Philadelphia, Pa.

THE LIBRARY OF THE

MAR 1 1950

UNIVERSITY OF MICHIGAN

BEARINGS COMPANY

BALANCE SHEET,

ASSETS

CURRENT:

Cash in Bank and on hand	\$620,589.13	
Accounts and Royalties receivable, less reserves for doubtful accounts	103,900.03	
Inventories and Supplies	202,356.58	
Accrued interest receivable	<u>11,661.09</u>	
Total Current Assets		\$938,506.83
Prepaid Insurance		1,525.38
Securities owned, less reserve		13,050.00
Refunds of Federal Taxes		43,094.57
Capital Stock of Bearings Company of America, (N. J.)		1,000.00
Real Estate, Plant and Equipment, less depreciation		1,234,579.44
Patents, less depreciation		513,676.32
Goodwill		<u>140,500.67</u>
	TOTAL	\$2,885,933.21

338.7
B35
1926

OF AMERICA (Del.)

DECEMBER 31, 1926

LIABILITIES

CURRENT:

Accounts Payable	\$ 54.61
Accrued Accounts and Insurance	<u>4,157.32</u>
Total Current Liabilities	\$ 4,211.93
Federal Income Taxes for 1926	36,528.18

CAPITAL AND SURPLUS

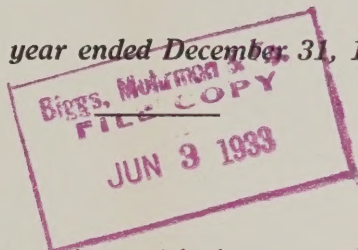
First Preferred	\$1,750,000.00
Second Preferred	675,000.00
Common	<u>252,425.00</u>
	\$2,677,425.00
Surplus	<u>167,768.10</u>
	<u>2,845,193.10</u>
TOTAL	\$2,885,933.21

17m30 div. 1927-34, 43-44 cons. R.S.

35
27

ANNUAL STATEMENT
— OF THE —
BEARINGS COMPANY OF AMERICA
LANCASTER, PA.

For the year ended December 31, 1927



February 8th, 1928

TO THE STOCKHOLDERS:

Your Directors present herewith the annual report of the company for the year ended December 31, 1927 and attach hereto balance sheet as of December 31, 1927.

The gross profit for 1927 as reported by Messrs. Lybrand, Ross Brothers and Montgomery, was \$434,381.70 and the net profit after all expenses, including depreciation and Federal Income Taxes, was \$199,586.24, an increase of \$16,446.53 as compared with the year ended December 31, 1926. Dividends of \$156,573.25 were paid during the year on first and second preferred stock and the net addition to surplus account was \$39,771.63.

In spite of the fact that the automotive industry generally declined in sales about 25 per cent, and our selling prices 10 per cent, we increased our net sales approximately 6.5 per cent in value and our profits slightly.

First preferred stock has been purchased and retired to the extent of \$54,000 in accordance with the sinking fund provision, and second preferred stock to the amount of \$27,000 has also been retired.

We have increased our plant capacity by additions to buildings and equipment to the extent of \$190,000 to provide additional facilities for increased business expected in 1928.

The outlook for the current year is brighter than a year ago and we expect to increase our sales quite materially.

Sincerely yours,

F. M. GERMANE, President

Philadelphia, Penna.

THE LIBRARY OF THE

MAR 1 1950

UNIVERSITY OF MICHIGAN

BEARINGS COMPANY

BALANCE SHEET,

A S S E T S

CURRENT:

Cash, in bank and on hand	\$310,980.23
Accounts, less reserves for discounts and doubtful accounts, and Royalties Receivable.....	105,053.90
Inventories and Supplies	<u>214,160.98</u>
Total Current Assets	\$ 630,195.11
Prepaid Insurance.....	2,479.97
Securities owned, less reserve	3,210.00
Refunds of Federal Taxes	36,153.58
Capital Stock of Bearings Company of America, (N. J.)	1,000.00
Real Estate, Plant and Equipment, less depreciation	1,323,167.09
Patents, less amortization	463,958.86
Goodwill	140,500.67
Treasury Stock, 2710 shares First Preferred Stock, at cost	<u>249,667.82</u>
	\$2,850,333.10

338.7
335
927

OF AMERICA (Del.)

CEMBER 31, 1927

LIABILITIES

CURRENT:

Accounts Payable	\$ 12,992.04
Accrued Accounts and Insurance	<u>1,845.94</u>
Total Current Liabilities	\$ 14,837.98
Federal Income Taxes for 1927	<u>31,530.39</u>
Total Liabilities	\$ 46,368.37

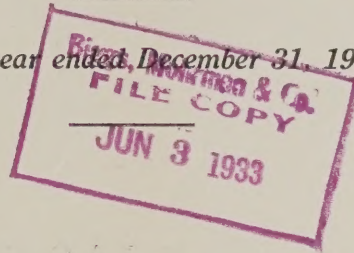
CAPITAL AND SURPLUS

First Preferred	\$1,696,000.00
Second Preferred	648,000.00
Common	<u>252,425.00</u>
	\$2,596,425.00
Surplus	<u>207,539.73</u>
	<u>2,803,964.73</u>
	\$2,850,333.10

35
928

ANNUAL STATEMENT
— OF THE —
BEARINGS COMPANY OF AMERICA
LANCASTER, PA.

For the year ended December 31, 1928



February 8, 1929

TO THE STOCKHOLDERS:

Your Directors present herewith the annual report of the company for the year ended December 31, 1928, and attach hereto balance sheet as of December 31, 1928.

The gross profit for 1928, as reported by Messrs. Lybrand, Ross Brothers and Montgomery, was \$458,200.85, and the net profit after all expenses, including depreciation and Federal Income Taxes, was \$254,327.44, an increase of \$54,741.20 as compared with the year ended December 31, 1927. Dividends of \$147,096.50 were paid during the year on first and second preferred stock and the net addition to surplus account was \$114,649.73, an increase of \$74,878.10 over the previous year.

First preferred stock has been purchased and retired to the extent of \$54,000 in accordance with the sinking fund provision, and second preferred stock to the amount of \$27,000 has also been retired.

We increased our capacity by additions to plant and equipment to the extent of \$168,517.86, making a total expenditure for the years 1926 to 1928 inclusive of \$397,582.66.

Notwithstanding a reduction in selling prices, our sales volume and profits increased satisfactorily over 1927, our outlook for 1929 is very favorable, we anticipate a larger volume of business and profits.

Sincerely yours,

F. M. GERMANE, President

Philadelphia, Penna.

THE LIBRARY OF THE

MAR 1 1950

UNIVERSITY OF MARYLAND

BEARINGS COMPANY

BALANCE SHEET

A S S E T S

CURRENT:

Cash, in bank and on hand	\$ 223,454.19
Accounts, less reserves for discounts and doubtful accounts, and Royalties Receivable	138,936.85
Inventories and Supplies	<u>215,938.82</u>
Total Current Assets	\$ 578,329.86
Prepaid Insurance	2,449.12
Securities owned, less reserve	3,210.00
Real Estate, Plant and Equipment, less depreciation	1,382,915.11
Patents, less amortization	414,250.73
Goodwill	140,500.67
Sinking Fund, 3762 shares First Preferred Stock, at cost	<u>354,421.62</u>
	<u><u>\$2,876,077.11</u></u>

388.7
1660
1928

OF AMERICA (Del.)

DECEMBER 31, 1928

LIABILITIES

CURRENT:

Accounts Payable	\$ 529.66	
Accrued Accounts and Insurance	<u>3,079.20</u>	
Total Current Liabilities		\$ 3,608.86
Federal Income Taxes for 1928		<u>34,853.79</u>
Total Liabilities		\$ 38,462.65

CAPITAL AND SURPLUS

First Preferred	\$1,642,000.00	
Second Preferred	621,000.00	
Common	<u>252,425.00</u>	
	\$2,515,425.00	
Surplus	<u>322,189.46</u>	
		<u>2,837,614.46</u>
		<u>\$2,876,077.11</u>

35
929

ANNUAL STATEMENT

—OF THE—

BEARINGS COMPANY OF AMERICA

LANCASTER, PA.

For the year ended December 31, 1929

February 7, 1930.

TO THE STOCKHOLDERS:

Your Directors present herewith the annual report of the Company for the year ended December 31, 1929, and attach hereto balance sheet as of December 31, 1929.

The gross profit for 1929, as reported by Messrs. Lybrand, Ross Brothers and Montgomery, was \$494,336.69, and the net profit after all expenses, including depreciation, patent amortization, and Federal Income Taxes, was \$279,170.72, an increase of \$24,843.28 as compared with the year ended December 31, 1928. Dividends of \$136,666.00 were paid during the year on first and second preferred stock and the net addition to surplus account was \$145,631.32, an increase of \$30,981.59 over the previous year.

First preferred stock has been purchased and retired to the extent of \$54,000 in accordance with the sinking fund provision, and second preferred stock to the amount of \$27,000 has also been retired.

We increased our capacity by additions to plant and equipment to the extent of \$293,883.09, making a total expenditure for the years 1926 to 1929 inclusive of \$691,465.75.

We were again confronted with a reduction in selling prices, notwithstanding which our profit increased over 1928, due to additional equipment and improved production methods. In view of the recent market disturbance, it is rather difficult to forecast our operations for 1930, but we are hopeful for a satisfactory year.

Sincerely yours,

F. M. GERMANE, President.

Philadelphia, Penna.

THE LIBRARY OF THE

MAR 1 1950

BEARINGS COMPANY

BALANCE SHEET

ASSETS

CURRENT:

Cash, in bank and on hand.....	\$ 258,274.76
Note, Account and Royalties Receivable, net of allowances for discounts and doubtful accounts.....	66,389.36
Inventories and Supplies	<u>233,201.79</u>
Total Current Assets.....	\$ 557,865.91
Note Receivable, to be exchanged for debenture bonds.....	8,332.21
Prepaid Insurance	2,043.62
Securities owned, net of allowance for loss.....	2,876.75
Real Estate, Plant and Equipment, net of allowance for depre- ciation.....	1,549,205.80
Patents, net of amortization	373,491.45
Goodwill	140,500.67
Sinking Fund, 3222 shares First Preferred Stock, at cost.....	<u>303,548.22</u>
	<u>\$2,937,864.63</u>

357.7
330
1929

NY OF AMERICA

CEMBER 31, 1929

LIABILITIES

CURRENT:

Customers' Credit Balances	\$	66.93
Accrued Accounts		<u>756.36</u>
Total Current Liabilities	\$	823.29
Federal Income Tax for 1929		<u>34,795.56</u>
Total Liabilities	\$	35,618.85

CAPITAL AND SURPLUS

CAPITAL STOCK:

First Preferred	\$1,588,000.00
Second Preferred	594,000.00
Common	<u>252,425.00</u>
	\$2,434,425.00
Surplus	<u>467,820.78</u>
	<u>2,902,245.78</u>
	<u><u>\$2,937,864.63</u></u>

B35
1930

ANNUAL STATEMENT
— OF THE —
BEARINGS COMPANY OF AMERICA
LANCASTER, PA.

For the year ended December 31, 1930

February 16, 1931.

TO THE STOCKHOLDERS:

Your Directors present herewith the annual report of the Company for the year ended December 31, 1930, and attach hereto balance sheet as of December 31, 1930.

The gross profit for 1930, as reported by Messrs. Lybrand, Ross Brothers and Montgomery, was \$32,117.98, and the net loss after all expenses, including depreciation and patent amortization, was \$123,983.78. Dividends of \$87,067.75 were paid for the entire year on the first preferred stock, and dividends of \$23,220.00 for the first six months on the second preferred stock, both out of surplus. Surplus account has been reduced to \$203,357.07.

First preferred stock has been purchased and retired to the extent of \$54,000.00 in accordance with the sinking fund provision, and second preferred stock to the amount of \$27,000.00 has also been retired.

We have made substantial reductions in operating costs during the past year, and will make additional reductions for the year 1931.

Due to the general depression in business our industry has suffered likewise, both in volume and reduction in prices.

Respectfully submitted,

F. M. GERMANE,
President.

Philadelphia, Penna.

MAR 1 1950

BEARINGS COMPANY

BALANCE SHEET

A S S E T S

CURRENT:

Cash, in bank and on hand	\$ 167,596.33
Note, Account and Royalties Receivable, net of allowances for discounts and doubtful accounts ...	29,639.86
Inventories and Supplies	<u>162,368.30</u>
Total Current Assets	\$ 359,604.49
Prepaid Insurance	4,519.02
Securities owned, net of allowance for loss	8,601.00
Real Estate, Plant and Equipment, net of allowance for depre- ciation	1,444,882.51
Patents, net of amortization	332,732.17
Goodwill	140,500.67
Sinking Fund, 2935 shares First Preferred Stock, at cost	<u>276,294.82</u>
	<u><u>\$2,567,134.68</u></u>

328.
12.30
10.20

NY OF AMERICA

DECEMBER 31, 1930

LIABILITIES

CURRENT:

Customers' Credit Balances	\$	18.53
Accrued Accounts		<u>1,334.08</u>
Total Current Liabilities	\$	1,352.61
Additional Federal Income Tax for 1929 (Estimated)		<u>9,000.00</u>
Total Liabilities	\$	10,352.61

CAPITAL AND SURPLUS

CAPITAL STOCK:

First Preferred	\$1,534,000.00
Second Preferred	567,000.00
Common	<u>252,425.00</u>
	\$2,353,425.00
Surplus	<u>203,357.07</u>
	<u>2,556,782.07</u>
	<u>\$2,567,134.68</u>

38.7
B35
1931

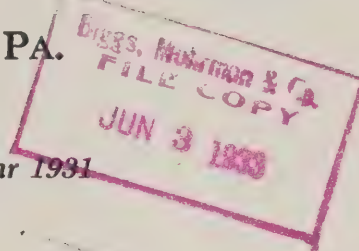
ANNUAL STATEMENT

— OF THE —

BEARINGS COMPANY OF AMERICA

LANCASTER, PA.

For the calendar year 1931



February 8, 1932.

TO THE STOCKHOLDERS:

Your directors present herewith the annual report of the Company for the calendar year 1931, together with the balance sheet as at December 31, 1931.

The operations for the year as reported by Messrs. Lybrand, Ross Bros. & Montgomery resulted in a loss of \$125,243.60 after all expenses, including depreciation and patent amortization, as compared with a loss of \$123,983.78 for the year 1930, an increase of only \$1,259.82.

The sales for the year have reflected a continuation of the marked decreases both in volume of production and in unit selling prices which were experienced in 1930. The decrease in gross income for 1931 as compared with 1930, \$72,904.43, has, however, been offset in large part by decreases amounting to \$67,284.84 in the selling, administrative and general expenses. Allowances for depreciation of plant accounts have been made in the amount of \$71,569.80 for 1931 as compared with \$104,297.89 for 1930, and approximately \$40,000 has been provided for amortization of patents in each year.

As the losses from operations for 1930 and 1931 have reduced the surplus of the Company considerably, it has been considered necessary to discontinue dividends pending the return of better business conditions.

Very truly yours,

JACK L. STRAUB,

President.

Lancaster, Penna.

MAR 1 1950

BEARINGS COMP

BALANCE SHEET,

A S S E T S

CURRENT:

Cash in bank and on hand	\$ 209,394.53(a)
Accounts and Royalties Receivable, net of allowance for discounts and doubtful accounts	25,966.52
Inventories at normal cost or market, whichever was lower :	<u>103,799.84</u>
	\$ 339,160.89
Prepaid Insurance	2,754.76
Securities owned, net of allowance for loss	4,676.00
Real Estate, Plant and Equipment, net of allowance for depreciation	1,375,748.63
Patents, net of amortization	292,562.26
Goodwill	140,500.67
Sinking Fund for the retirement of First Preferred Capital Stock, 2,935 shares First Preferred Stock, at cost	<u>276,294.82</u>
	<u><u>\$2,431,698.03</u></u>

(a) Includes \$99,616.36 on deposit with the L
was \$103,417.81 on January 12, 1932,

358.7
B35
1931

NY OF AMERICA

DECEMBER 31, 1931

LIABILITIES

CURRENT:

Accrued Accounts \$ 1,252.63

CAPITAL AND SURPLUS

CAPITAL STOCK OUTSTANDING:

First 7 per cent. Cumulative Preferred, 15,340 shares,
\$100 par value \$1,534,000.00

Second 8 per cent Cumulative Preferred, 5,670 shares,
\$100 par value..... 567,000.00

Common, 100,000 shares, no par value 252,425.00

\$2,353,425.00

Surplus 77,020.40

2,430,445.40

\$2,431,698.03

ter Trust Co. ; the amount on deposit in this bank
n it closed.

BEARINGS COMPANY

BALANCE SHEET,

A S S E T S

CURRENT:

Cash in bank and on hand, including certificates of deposit	\$153,806.96	
Accounts receivable, customers, net of allowance for discounts and doubtful accounts	38,211.37	
Inventories at normal cost or market, whichever was lower	94,580.78	
Accrued interest receivable	24.82	
		\$ 286,623.93
Prepaid Insurance		1,591.83
Deposit in closed bank, net of allowance for loss		44,469.67
Securities owned, net of allowance for loss		9,253.50
Real Estate, Plant and Equipment	\$1,920,784.34	
Allowance for depreciation	628,812.94	
		1,291,971.40
Patents, net of amortization		257,839.19
Goodwill		140,500.67
Sinking Fund for the retirement of First Preferred Capital Stock, 2,935 shares First Preferred Stock, at cost		276,294.82
		<u>\$2,308,545.01</u>

2285-1
1932

NY OF AMERICA

DECEMBER 31, 1932

LIABILITIES

CURRENT:

Accrued Delaware and Pennsylvania taxes\$ 351.81

CAPITAL AND SURPLUS

CAPITAL STOCK OUTSTANDING:

First 7 per cent. Cumulative Preferred, 15,340 shares,
\$100 par value\$1,534,000.00

Second 8 per cent. Cumulative Preferred, 5,670 shares,
\$100 par value 567,000.00

Common, 100,000 shares, no par value 100,000.00
.....\$2,201,000.00

Capital Surplus arising from reduction of the stated value of
common stock..... 152,425.00
\$2,353,425.00

Earned Surplus, January 1, 1932.....\$ 77,020.40

Loss for the year 1932.....122,252.20

Deficit, December 31, 1932.....45,231.80

2,308,193.20

\$2,308,545.01

35
933

ANNUAL STATEMENT

—OF THE—

BEARINGS COMPANY OF AMERICA LANCASTER, PA.

For the calendar year 1933

February 7, 1934.

TO THE STOCKHOLDERS:

Your directors present herewith the annual report of the Company for the calendar year 1933, together with the balance sheet as at December 31, 1933.

The operations for the year as reported by Messrs. Lybrand, Ross Bros. & Montgomery resulted in a loss of \$64,537.02 after all expenses, including depreciation and patent amortization to the amount of \$106,309.55, which is \$57,715.18 less than the loss of \$122,252.20 for the year 1932.

The amount of the net sales for 1933 was approximately 18 per cent. greater than 1932, and $3\frac{1}{2}$ per cent. in excess of the sales for 1931. Fixed charges, particularly depreciation of machinery, tools and equipment and amortization of the cost of patents, constitute a heavy burden in the manufacturing costs, however, the ratio of cost of sales to net sales has decreased from 115.7 for 1932, to 99.17 for 1933. The profit before selling, administrative and general expenses, etc., was \$2,835,26, as compared with loss of \$45,566.15 for the preceding year. Selling expenses for 1933 were approximately \$3,600 more than in 1932, and administrative and general expenses were approximately the same as in 1932.

You will note that the balance sheet portrays a strong cash position, cash having increased \$29,488.97 during the year.

It has been several years since we made any comment as to future prospects, but orders and shipments for the month of January 1934 have been larger than for any month during the last three years, and we feel encouraged to express hope for 1934 to be a brighter year.

Very truly yours,

JACK L. STRAUB,
President.

Lancaster, Penna.

MAR 1 1950

BEARINGS COMPANY OF AMERICA

BALANCE SHEET, DECEMBER 31, 1933

ASSETS

CURRENT:

Cash in bank and on hand, including certificates of deposit	\$ 183,295.93
Accounts and note receivable, customers, net of allowance for discounts and doubtful accounts	31,269.35
Inventories at normal cost or market, which ever was lower	105,291.61
Accrued interest receivable	230.84
	<u>\$ 320,087.73</u>
Prepaid insurance	1,434.17
Deposits in closed banks, net of allowance for loss	44,769.67
Securities owned, net allowance for loss	5,790.00
Real estate, plant and equipment	\$1,923,784.68
Allowance for depreciation	<u>702,814.80</u>
	1,220,969.88
Patents, net of amortization	225,616.12
Goodwill	140,500.67
Sinking fund for the retirement of first preferred capital stock, 2,935 shares first preferred stock, at cost	<u>276,294.82</u>
	<u>\$2,235,463.06</u>

LIABILITIES

CURRENT:

Accrued Delaware franchise tax	\$ 350.00
Accrued commissions	28.13
	<u>\$ 378.13</u>

CAPITAL AND SURPLUS

Capital stock outstanding:

First 7 per cent. cumulative preferred, 14,870 shares, \$100 par value . .	\$ 1,487,000.00
Second 8 per cent. cumulative preferred, 5,670 shares, \$100 par value . .	567,000.00
Common, 100,000 shares, no par value	100,000.00
	<u>\$ 2,154,000.00</u>

Capital surplus:

Arising from reduction of the stated value of common stock, \$152,425.00	
Arising from purchase and retirement of first preferred stock, 38,428.75	<u>190,853.75</u>
	<u>\$ 2,344,853.75</u>

Deficit from operations:

Deficit, January 1, 1933	\$ 45,231.80
Loss for the year 1933	<u>64,537.02</u>
	<u>109,768.82</u>
	<u>2,235,084.93</u>
	<u>\$ 2,235,463.06</u>

Subject to allowance for federal capital stock tax for the year ending June 30, 1934, estimated to be \$1,473.

B35
1935

ANNUAL STATEMENT

—OF THE—

BEARINGS COMPANY OF AMERICA

LANCASTER, PA.

For the calendar year 1935

February 8, 1936.

TO THE STOCKHOLDERS:

Your directors present herewith the annual report of the Company for the calendar year 1935, together with the balance sheet as at December 31, 1935.

The operations for the year as reported by our auditors, Messrs. Lybrand, Ross Bros. & Montgomery, resulted in a loss of \$7,324.44 after all expenses, including depreciation and patent amortization of \$99,534.10 and corporate taxes to the amount of \$12,121.50, a decrease of \$27,389.64 from the loss of \$34,714.08 for the year 1934.

The amount of the net sales for 1935 was approximately 52 per cent greater than that for 1934; while the cost of sales for the same period increased approximately 46 per cent, resulting in a gross profit of \$92,721.09 as compared with a gross profit of \$43,743.40 for 1934. Selling expenses and administrative and general expenses have increased approximately 25 per cent during 1935 over the preceding year. New Pennsylvania state taxes to the amount of \$6,418.79 contributed materially to the loss in 1935.

You will note the balance sheet portrays a strong current position, cash having increased \$25,906.73 and net current assets having increased \$58,151.15 during the year, notwithstanding the fact that we paid \$15,804.57 for 270 shares first preferred and 1156 shares second preferred stock having a par value of \$142,600.00. This stock was retired and added \$126,795.43 to our capital surplus, thereby enabling us to charge off patents amounting to \$161,046.99. This patent write-off will eliminate an annual patent amortization charge of \$32,209.40 in subsequent years.

In the face of new and increased taxes, we feel gratified that we have been able to continually reduce our losses from a peak of \$125,243.60 in 1931 to \$7,324.44 in 1935. We are continually improving our product, have just published a new catalogue and are intensifying our sales efforts, all of which we feel should result in increased volume and a correspondingly better showing for the year 1936.

Very truly yours,

JACK L. STRAUB,

President.

Lancaster, Penna.

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UNIVERSITY OF ILLINOIS

1935-1940 Cont.

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BEARINGS COMPANY OF AMERICA

(A DELAWARE CORPORATION)

BALANCE SHEET, DECEMBER 31, 1935

ASSETS

CURRENT:

Cash in bank and on hand	\$ 216,456.17	
Accounts receivable, customers, net of allowance for discounts and doubtful accounts . .	53,642.28	
Accrued interest receivable	7.10	
Inventories at normal cost or market, whichever was lower	151,543.67	
	<u>\$ 421,649.22</u>	
Advance to employee	1,320.00	
Prepaid Insurance	1,038.73	
Deferred Federal capital stock tax	1,050.00	
Deposits in closed banks, net of allowance for loss (ultimate loss has not been determined)	40,472.96	
Securities owned, net of allowance for estimated loss	6,429.35	
Real estate, plant and equipment	\$1,962,521.95	
Allowance for depreciation	<u>823,487.29</u>	1,139,034.66
Patents, net of amortization	449.20	
Goodwill	140,500.67	
Sinking Fund for the retirement of first preferred capital stock, 2,935 shares first preferred stock at cost	276,294.82	
	<u>\$2,028,239.61</u>	

LIABILITIES

CURRENT:

Accrued:

Salaries and wages	\$ 2,729.98	
Corporate taxes	12,437.50	
Miscellaneous	2,384.53	
	<u>\$ 17,552.01</u>	

CAPITAL AND SURPLUS

Capital stock outstanding:

First 7 per cent, cumulative preferred, 14,337 shares, \$100 par value . .	\$1,433,700.00	
Second 8 per cent. cumulative preferred, 4,514 shares, \$100 par value . .	451,400.00	
Common, 100,000 shares, no par value	100,000.00	
	<u>\$1,985,100.00</u>	

Capital surplus:

Arising from reduction of the stated value of common stock	\$152,425.00	
Arising from purchase and retirement of first and second preferred stock	\$186,016.93	
Less patents charged off	<u>161,046.99</u>	<u>24,969.94</u>
		<u>177,394.94</u>
		<u>\$2,162,494.94</u>

Deficit from operations:

Deficit, January 1, 1935	\$144,482.90	
Loss for the year 1935	<u>7,324.44</u>	<u>151,807.34</u>
		<u>2,010,687.60</u>
		<u>\$2,028,239.61</u>

338.7
B35
1937

ANNUAL STATEMENT
OF THE
BEARINGS COMPANY OF AMERICA
LANCASTER, PA.

For the calendar year 1937

February 8, 1938.

TO THE STOCKHOLDERS:

Your directors present herewith the annual report of the Company for the calendar year 1937, together with the balance sheet as at December 31, 1937.

The operations for the year as reported by our auditors, Messrs. Lybrand, Ross Bros. & Montgomery, resulted in a net profit of \$71,297. after all expenses, including depreciation of \$69,101.62 and estimated State, Federal and social security taxes to the amount of \$42,526.30. The operations for the year 1936 resulted in a profit of \$77,674.65 after adjustment of \$5,312.53 for Federal and State income taxes assessed and paid during 1937 in excess of the amount estimated as accrued for 1936.

While the amount of net sales for 1937 was approximately 24 per cent greater than for 1936, the cost of sales increased approximately 28 per cent, resulting in an increase in gross profit of only \$16,797.84, and a decrease in net profit. This is due to the fact that labor and material costs, as well as taxes, increased more rapidly than they could be absorbed in the selling prices.

All Federal income tax returns to and including the year 1936 have been examined by the Treasury Department, and, as a result of this examination and the application of a lower rate of depreciation compared with prior years, we were assessed and paid during 1937 additional Federal and State income taxes and interest to the amount of \$15,545.88 for the years 1934, 1935 and 1936. Our actual cash payments during 1937 for taxes of all classes, additional, accrued and current, amounted to approximately \$60,000, or the equivalent of approximately \$4.50 per share of first preferred stock outstanding.

During the year we purchased 476 shares first preferred and 15 shares second preferred stock at a cost of \$39,253.00. Expenditures to the amount of \$79,068.37 were made for new equipment to replace worn machinery and tools and provide additional facilities for increased business on our books and in anticipation during the first nine months of the year.

Dividends of \$7.00 per share, or \$73,913.00, were paid on the first preferred stock.

The increase of \$87,079.68 in inventory, compared with December 31, 1936, is due largely to a sharp decline in sales in November and December in line with the general recession in business. Under present conditions, it is difficult to make any prediction as to the future, but we have both improved and increased the range of our product, our sales efforts have diversified our markets, our plant is in excellent condition, and we are in position to increase our production as general business conditions permit. In the interim, we have curtailed employment and reduced expenses.

Very truly yours,
THE LIBRARY OF THE

JACK L. STRAUB,
President.

Lancaster, Penna.

APR 14 1948

UNIVERSITY OF ILLINOIS

BEARINGS COMPANY OF AMERICA

(A DELAWARE CORPORATION)

BALANCE SHEET, DECEMBER 31, 1937

ASSETS

CURRENT:

Cash in bank and on hand	\$	95,339.88
Accounts receivable, customers, net of allowance for discounts and doubtful accounts		20,583.09
Accrued interest receivable		937.50
Inventories at normal cost or market, whichever was lower		273,460.40
	\$	390,320.87
Prepaid Insurance		1,324.60
Deferred Federal capital stock tax		733.00
Deposits in closed banks, net of allowance for loss (ultimate loss has not been determined)		23,926.10
Securities owned		750.00
Real estate, plant and equipment	\$2,078,799.13	
Allowance for depreciation	958,544.34	1,120,254.79
Patents, net of amortization		880.09
Goodwill		140,500.67
Sinking Fund for the retirement of first preferred capital stock, 2,985 shares first preferred stock, at cost		279,694.82
		\$1,958,384.94

LIABILITIES

CURRENT:

Accrued:

Social security taxes	\$	4,040.52
Federal old age benefits tax, employees' contributions		299.84
Other corporate taxes		26,435.35
Miscellaneous		2,095.66
	\$	32,871.37

CAPITAL AND SURPLUS

Capital stock outstanding:

First 7 per cent, cumulative preferred, 13,312 shares, \$100 par value	\$1,331,200.00
Second 8 per cent. cumulative preferred, 4,499 shares, \$100 par value	449,900.00
Common, 100,000 shares, no par value	100,000.00
	\$1,881,100.00

Capital surplus:

Arising from reduction of the stated value of common stock	\$152,425.00
Arising from purchase and retirement of first and second preferred stock	212,017.68
	\$364,442.68
Patents charged off	161,046.99
	203,395.69
	\$2,084,495.69

Deficit from operations:

Deficit, January 1, 1937, Adjusted	\$156,366.12
Profit for the year 1937	\$71,297.00
Dividends paid on first preferred stock	73,913.00
	2,616.00
	158,982.12
	1,925,513.57
	\$1,958,384.94

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B35
1936

ANNUAL STATEMENT
OF THE
BEARINGS COMPANY OF AMERICA
LANCASTER, PA.

For the calendar year 1936

February 18, 1937.

TO THE STOCKHOLDERS:

Your directors present herewith the annual report of the Company for the calendar year 1936, together with the balance sheet as at December 31, 1936.

The operations for the year as reported by our auditors, Messrs. Lybrand, Ross Bros. & Montgomery, resulted in a profit of \$82,987.18 after all expenses including depreciation of \$67,803.05 and estimated corporate and social security taxes to the amount of \$26,721.91. The operations for the year 1935 resulted in a loss of \$7,324.44. Patent amortization charges in 1936 were \$41.42, as compared with \$32,223.07, this difference being due to the patent write-off at the end of 1935.

The amount of the net sales for 1936 was approximately 39 per cent greater than for 1935, while the cost of sales for the same period increased approximately 24% resulting in a gross profit of \$220,664.60 as compared with a gross profit of \$92,721.09 for 1935.

During the year we purchased 599 shares first preferred stock for \$42,146.25. The difference of \$17,753.75 between the purchase price and par value has been credited to capital surplus. Expenditures to the amount of \$37,823.52 were made for new equipment. After these capital expenditures and a dividend payment of \$75,621.00 on the first preferred stock, you will note net current assets amount to \$400,060.62, as compared with \$404,097.21 at December 31, 1935.

Both orders and shipments for the month of January 1937 show a substantial increase compared with January 1936, and we feel that our intensive sales efforts should result in a continued upward trend in volume.

Very truly yours,

JACK L. STRAUB,

President.

Lancaster, Penna.

THE LIBRARY OF THE

APR 14 1948

UNIVERSITY OF ILLINOIS

BEARINGS COMPANY OF AMERICA

(A DELAWARE CORPORATION)

BALANCE SHEET, DECEMBER 31, 1936

ASSETS

CURRENT:

Cash in bank and on hand	\$	164,191.51
Accounts receivable, customers, net of allowance for discounts and doubtful accounts . .		78,129.97
Accrued interest receivable		909.72
Inventories at normal cost or market, whichever was lower		186,380.72
	\$	429,611.92
Advance to employee		1,600.00
Prepaid Insurance		994.68
Deferred Federal capital stock tax		750.00
Deposits in closed banks, net of allowance for loss (ultimate loss has not been determined)		40,472.96
Securities owned		5,790.00
Real estate, plant and equipment	\$2,000,826.15	
Allowance for depreciation	890,013.35	1,110,812.80
Patents, net of amortization		914.52
Goodwill		140,500.67
Sinking Fund for the retirement of first preferred capital stock, 2,935 shares first preferred stock at cost		276,294.82
	\$	2,007,742.37

LIABILITIES

CURRENT:

Accrued:

Social security taxes	\$	4,146.03
Other corporate taxes		22,575.88
Miscellaneous		2,829.39
	\$	29,551.30

CAPITAL AND SURPLUS

Capital stock outstanding:

First 7 per cent, cumulative preferred, 13,738 shares, \$100 par value . .	\$1,373,800.00
Second 8 per cent. cumulative preferred, 4,514 shares, \$100 par value . .	451,400.00
Common, 100,000 shares, no par value	100,000.00
	\$1,925,200.00

Capital surplus:

Arising from reduction of the stated value of common stock	\$152,425.00
Arising from purchase and retirement of first and second preferred stock	203,770.68
	\$356,195.68
Patents charged off	161,046.99
	195,148.69
	\$2,120,348.69

Deficit from operations:

Deficit, January 1, 1936, Adjusted	\$149,523.80
Profit for the year 1936	\$82,987.18
Dividends paid on first preferred stock	75,621.00
	7,366.18
	142,157.62
	1,978,191.07
	\$2,007,742.37

338.7
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1938

ANNUAL STATEMENT
OF THE
BEARINGS COMPANY OF AMERICA

For the calendar year 1938

February 7, 1939.

TO THE STOCKHOLDERS:

Your directors present herewith the annual report of the Company for the calendar year 1938, together with the balance sheet as at December 31, 1938.

The operations for the year as reported by our auditors, Messrs. Lybrand, Ross Bros. & Montgomery, resulted in a net loss of \$69,804.68, after all expenses including depreciation of \$73,069.14, and estimated State, Federal and social security taxes to the amount of \$17,398.73. The operations for the year 1937 resulted in a profit of \$70,966.53 after adjustment of \$330.47 for corporate taxes paid in 1938 in excess of the amount estimated as accrued for 1937.

The amount of the net sales for 1938 was approximately 50 per cent less than for 1937, while the cost of sales for the same period decreased approximately 42 per cent, resulting in a decrease in gross profit from \$237,462.44 for 1937 to \$41,754.52 for 1938. Average unit labor costs were higher due to labor increases the latter part of 1937 which prevailed through 1938. Selling, administrative and general expenses decreased approximately 23 per cent during 1938 compared with the preceding year.

While no major equipment additions or replacements were made during the year, capital expenditures amounted to \$16,198.34 of which the larger portion represents the costs of building jigs, dies and fixtures to increase the range of types and sizes of our product.

Shipments for January 1939 amounted to more than any month during 1938. However, with present world-wide unsettled political and economic conditions, it would be almost presumptuous for us to make any prediction as to the final results for the year.

Very truly yours,

JACK L. STRAUB,
President.

Lancaster, Penna.

THE LIBRARY OF THE

APR 14 1948

UNIVERSITY OF ILLINOIS

BEARINGS COMPANY OF AMERICA

(A DELAWARE CORPORATION)

BALANCE SHEET, DECEMBER 31, 1938

ASSETS

CURRENT:

Cash on hand and demand deposits in bank	\$	119,854.33	
Accounts receivable, customers, net of allowance for discounts and doubtful accounts		58,127.43	
Loans to employee		459.61	
Inventories		179,947.12	
	\$	358,388.49	
Prepaid Insurance		2,754.29	
Deferred Federal capital stock tax		600.00	
Deposits in closed banks, net of allowance for loss (ultimate loss has not been determined)		19,709.39	
Securities owned		750.00	
Real estate, plant and equipment: Land	\$	34,141.00	
Buildings, machinery and equipment, office furniture and fixtures, automobile and truck	\$2,059,636.54		
Allowance for depreciation	1,030,690.74	1,028,945.80	1,063,086.80
Patents, net of amortization		815.66	
Goodwill		140,500.67	
Sinking Fund for the retirement of first preferred capital stock, 2,990 shares first preferred stock, at cost		279,922.82	
		\$1,866,528.12	

LIABILITIES

CURRENT:

Accrued:

Social security taxes	\$	3,896.78	
Federal old age benefits tax, employees' contributions		688.58	
Other corporate taxes		5,914.80	
Miscellaneous		1,718.80	
	\$	12,218.96	

CAPITAL

Capital stock outstanding:

First 7 per cent, cumulative preferred, 13,312 shares, \$100 par value	\$1,331,200.00	
Second 8 per cent. cumulative preferred, 4,499 shares, \$100 par value	449,900.00	
Common, 100,000 shares, no par value	100,000.00	
	\$1,881,100.00	

Capital surplus:

Arising from reduction of the stated value of common stock \$152,425.00		
Arising from purchase and retirement of first and second preferred stock	212,017.68	
	\$364,442.68	
Patents charged off	161,046.99	203,395.69
		\$2,084,495.69

Deficit from operations:

Deficit, January 1, 1938, Adjusted	\$160,381.85	
Loss for the year 1938	69,804.68	230,186.53
		\$1,854,309.16
		\$1,866,528.12

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1939

ANNUAL STATEMENT
OF THE
BEARINGS COMPANY OF AMERICA

For the calendar year 1939

FEBRUARY 20, 1940.

TO THE STOCKHOLDERS:

Your directors present herewith the annual report of the company for the calendar year 1939, together with the balance sheet as at December 31, 1939.

The operations for the year as reported by our auditors, Messrs. Lybrand, Ross Bros. & Montgomery, resulted in a net profit of \$34,657.68, after all expenses, including depreciation of \$74,464.25 and estimated State, Federal and social security taxes to the amount of \$36,164.05. The operations for the year 1938 resulted in a loss of \$69,804.68.

The amount of the net sales for 1939 was approximately 48 per cent higher than for 1938, while the cost of sales for the same period increased approximately 29 per cent, resulting in an increase in gross profit of \$128,563.45. Selling expenses increased approximately 28 per cent and administrative and general expenses decreased approximately 2 per cent during 1939 compared with the preceding year.

During the year cash increased \$67,766.09 and net current assets increased \$97,070.46. Capital expenditures were made to the amount of \$14,077.41 of which the larger portion represents the cost of building jigs, dies and fixtures to further increase the range of types and sizes of our product.

Shipments for January, 1940 amounted to more than any month during the past two years. Present prospects appear to be better than a year ago but, with so many uncertainties involved, it would be hazardous to predict a satisfactory year.

Very truly yours,

JACK L. STRAUB,
President.

LANCASTER, PENNA.

THE LIBRARY OF THE

APR 14 1948

UNIVERSITY OF ILLINOIS

BEARINGS COMPANY OF AMERICA

(A DELAWARE CORPORATION)

BALANCE SHEET, DECEMBER 31, 1939

ASSETS

CURRENT:

Cash on hand and demand deposits in bank	\$ 162,620.42	
Certificate of deposit, payable July 3, 1940	25,000.00	187,620.42
Accounts receivable, customers, net of allowance for discounts and doubtful accounts		64,084.83
Loans to employee		433.75
Interest accrued on certificate of deposit		245.83
Inventories		218,810.50
		<u>\$ 471,195.33</u>

Prepaid and deferred expenses:

Prepaid Insurance	\$ 1,884.72	
Federal capital stock tax	610.50	
Advertising matter	1,533.01	4,028.23
Deposits in closed banks, net of allowance for loss (ultimate loss has not been determined)		15,572.68

Securities owned		750.00
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Real estate, plant and equipment:

Land	\$ 34,141.00	
Buildings, machinery and equipment, office furniture and fixtures, automobile and truck	\$2,072,072.81	
Allowance for depreciation	1,102,836.14	969,236.67
		<u>1,003,377.67</u>

Patents, net of amortization		891.78
--	--	--------

Goodwill		140,500.67
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Sinking Fund for the retirement of first preferred capital stock, 3,007 shares first preferred stock, at cost		280,605.82
		<u>\$1,916,922.18</u>

LIABILITIES

CURRENT:

Customers' credit balances		102.53
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Accrued: Social security taxes	\$ 5,511.73	
--	-------------	--

Federal old age benefits tax, employees' contributions	1,037.97	
--	----------	--

Other corporate taxes	20,115.58	
---------------------------------	-----------	--

Miscellaneous	1,187.53	27,852.81
		<u>\$ 27,955.34</u>

CAPITAL

Capital stock outstanding:

First 7 per cent, cumulative preferred, 13,312 shares, \$100 par value	\$1,331,200.00
--	----------------

Second 8 per cent. cumulative preferred, 4,499 shares, \$100 par value	449,900.00
--	------------

Common, 100,000 shares, no par value	100,000.00
--	------------

\$1,881,100.00

Capital surplus:

Arising from reduction of the stated value of common stock \$152,425.00	
---	--

Arising from purchase and retirement of first and second	
--	--

preferred stock	212,017.68
---------------------------	------------

\$364,442.68

Patents charged off	161,046.99	203,395.69
-------------------------------	------------	------------

\$2,084,495.69

Deficit from operations:

Deficit, January 1, 1939	\$230,186.53	
------------------------------------	--------------	--

Income for the year 1939	34,657.68	195,528.85
------------------------------------	-----------	------------

1,888,966.84

\$1,916,922.18

338.7
B35
1940

ANNUAL STATEMENT
OF THE
BEARINGS COMPANY OF AMERICA

For the calendar year 1940

FEBRUARY 19, 1941.

TO THE STOCKHOLDERS:

Your directors present herewith the annual report of the company for the calendar year 1940, together with the balance sheet as at December 31, 1940.

The operations for the year as reported by our auditors, Messrs. Lybrand, Ross Bros. & Montgomery, resulted in a net profit of \$82,643.13, after all expenses, including depreciation of \$75,496.20, estimated Federal and State taxes of \$46,632.37 and social security taxes of \$18,042.27, as compared with a net profit of \$34,657.68 from operations for the year 1939.

The amount of the net sales for 1940 was approximately 26 per cent higher than for 1939, while the cost of sales for the same period increased approximately 21 per cent, resulting in an increase in gross profit of \$77,097.43. Selling expenses increased approximately 7 per cent and administrative and general expenses increased approximately 4 per cent during 1940 compared with the preceding year.

Net surplus increased from \$7,866.84 at the beginning of the year to \$157,598.50 at the end of the year. Due to an inadequate surplus, it was not feasible to pay dividends in 1940. During the year we purchased 1,167 shares of first preferred stock at a cost of \$49,658.25. These shares, together with 7 shares of the stock previously purchased and held for future sinking fund requirements when needed, were cancelled and this added \$67,088.53 to the capital surplus.

Our present bank of unfilled orders is larger than at any time since 1929. This represents increased business from our regular customers as well as orders for the national defense program. Therefore, barring any unforeseen developments, our Plants should be kept busy during this year and a satisfactory sales volume should be attained

Very truly yours,

JACK L. STRAUB,
President.

LANCASTER, PENNA.

THE LIBRARY OF THE

APR 14 1948

UNIVERSITY OF ILLINOIS

BEARINGS COMPANY OF AMERICA

(A DELAWARE CORPORATION)

BALANCE SHEET, DECEMBER 31, 1940

ASSETS

CURRENT:

Cash on hand and demand deposits in bank	\$ 227,977.83	
Certificate of deposit, payable February 13, 1941	25,000.00	
Certificate of deposit, payable July 3, 1941	25,000.00	277,977.83
Accounts receivable, customers, net of allowance for discounts and doubtful accounts		92,463.15
Advances to employees		129.71
Interest accrued on certificates of deposit		684.72
Inventories		233,700.50
		<u>\$ 604,955.91</u>

Deposits in closed bank, net of allowance for loss (ultimate loss has not been determined)		13,861.42
Securities owned		750.00

Real estate, plant and equipment:

Land	\$ 34,141.00	
Buildings, machinery and equipment, office furniture and fixtures, automobile and truck	\$2,078,421.34	
Allowance for depreciation	1,173,256.02	905,165.32
		<u>939,306.32</u>

Patents, net of amortization		686.80
--	--	--------

Goodwill		140,500.67
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3,000 shares of Bearings Company of America First Preferred Stock (heretofore purchased by the Company and held for future Sinking Fund requirements when needed) at cost		279,952.60
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Prepaid and deferred expenses:

Prepaid Insurance	\$ 2,423.28	
Federal capital stock tax	962.50	3,385.78
		<u>\$1,983,399.50</u>

LIABILITIES

CURRENT:

Accrued:

Salaries and wages	\$ 4,611.52	
Social security taxes	6,113.51	
Federal old age benefits tax, employees' contributions	1,194.68	
Other corporate taxes	46,837.75	
Miscellaneous	3,343.54	62,101.00
		<u>62,101.00</u>

CAPITAL

Capital stock outstanding:

First 7 per cent cumulative preferred, 12,138 shares, \$100 par value	\$1,213,800.00
Second 8 per cent cumulative preferred, 4,499 shares, \$100 par value	449,900.00
Common, 100,000 shares, no par value	100,000.00
	<u>\$1,763,700.00</u>

Capital surplus:

Arising from reduction of the stated value of common stock \$152,425.00	
Arising from purchase and retirement of first and second preferred stock	279,106.21
	<u>\$431,531.21</u>
Less Patents charged off	161,046.99
Balance of capital surplus, December 31, 1940	270,484.22

Deficit from operations:

Deficit, January 1, 1940	\$195,528.85	
Income for the year	82,643.13	
	<u>112,885.72</u>	
Deficit, December 31, 1940		157,598.50
		<u>1,921,298.50</u>
		<u>\$1,983,399.50</u>

Cumulative dividends are unpaid as follows: First preferred stock	\$511,728.00	
Second preferred stock	377,916.00	\$889,644.00

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42

ANNUAL STATEMENT
OF THE
BEARINGS COMPANY OF AMERICA

Lancaster, Penna.

For the year ended December 31, 1942

TO THE STOCKHOLDERS:

FEBRUARY 8, 1943.

Your directors present herewith the annual report of the Company for the year ended December 31, 1942, together with the balance sheet as of December 31, 1942.

The Company's auditors, Messrs. Lybrand, Ross Bros. & Montgomery, report that the operations for the year ended that date resulted in a profit of \$218,529.33 after all expenses, including provision for Federal, State and Social Security taxes \$604,244.99, as compared with a profit of \$163,417.05 from operations for the year 1941. The above profits of \$218,529.33 includes the \$50,000.00 due from U. S. Government post war refund of Excess Profits Tax, noninterest bearing.

The amount of the net sales for 1942 was approximately 54 per cent higher than for 1941, while the cost of sales for the same period increased approximately 40 per cent, resulting in an increase in gross profit of \$473,282.66.

Allowances for depreciation of plant and equipment have been made in the amount of \$76,002.07, as compared with \$80,174.58 for 1941. Selling expenses have increased approximately .9 of one per cent and administrative and general expenses have increased approximately 37 per cent during 1942 over the preceding year.

Your officers purchased 511 Shares First Preferred Stock at a cost of \$35,398.00, or an average cost of \$69.27 per share; also 260 Shares of Second Preferred Stock at a cost of \$5,600.00, or an average cost of \$21.54 per share. 500 shares of First Preferred Stock and 260 Shares of Second Preferred Stock have been cancelled, thereby adding \$35,794.00 to surplus.

Yours very truly,

BEARINGS COMPANY OF AMERICA

JACK L. STRAUB, *President*

THE LIBRARY OF THE

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UNIVERSITY OF MICHIGAN

BEARINGS COMPANY

(A DELAWARE CORPORATION)

BALANCE SHEET

ASSETS

CURRENT:

Cash on hand and demand deposits in bank	\$ 549,299.64
Accounts receivable, customers, net of allowance for discounts and doubtful accounts	251,891.49
Inventories, at cost or market whichever lower	461,985.30
	<u>\$ 1,263,176.43</u>
Due from United States Government, post war refund of excess profits tax, noninterest bearing, estimated	50,000.00
Deposits in closed bank, net of allowance for loss (ultimate loss has not been determined)	12,827.25
Securities owned	750.00

Real estate, plant and equipment:

Land	\$ 34,141.00
Buildings, machinery and equipment, office furniture and fixtures, automobile and truck	\$2,202,013.56
Allowance for depreciation	<u>1,293,161.24</u>
	<u>908,852.32</u>
Patents, net of amortization	557.94
Goodwill	140,500.67
Sinking Fund for the retirement of First Preferred Capital Stock, 3,011 shares first preferred stock at cost	280,744.60

Prepaid and deferred expenses:

Prepaid Insurance	\$ 4,276.67
Federal capital stock tax, estimated	<u>4,375.00</u>
	<u>8,651.67</u>
	<u>\$2,700,201.88</u>

SEE ANNEXED NOTES TO FINANCIAL STATEMENTS, W

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 1942

ANY OF AMERICA

CORPORATION)

CEMBER 31, 1942

LIABILITIES

CURRENT:

Customers, credit balances			\$16.57
Accrued:			
Salaries, wages and commissions	\$	21,088.92	
Social security taxes		13,447.38	
Federal old age benefits tax, employees' contributions		2,571.90	
Other corporate taxes, estimated		614,460.00	
Miscellaneous		4,560.73	656,128.93
Contingent Liability (see Note 1)		<u>29,494.34</u>	
			<u>\$656,145.50</u>

CAPITAL

Capital stock outstanding:

First 7 per cent cumulative preferred, 10,723 shares, \$100 par value	1,072,300.00
(Sinking Fund of 20 per cent of annual net profits after Federal taxes and first preferred stock dividends unless such profits are less than \$250,000, then all of such profits not in excess of \$50,000.)	
Second 8 per cent cumulative preferred, 3,297 shares, \$100 par value	329,700.00
Common, 100,000 shares, no par value	100,000.00
	<u>\$1,502,000.00</u>

Capital surplus:

Arising from reduction of the stated value of common stock \$152,425.00	
Arising from purchase and retirement of first and second preferred stock	426,958.71
	<u>\$579,383.71</u>
Less Patents charged off	161,046.99
Balance of capital surplus, December 31, 1942	<u>418,336.72</u>

Earned Surplus:

Deficit, January 1, 1942	<u>\$ 10,214.67</u>
Income for the year	<u>218,529.33</u>
Less Dividends paid on first preferred stock	84,595.00
	<u>\$133,934.33</u>

Estimated Surplus	<u>123,719.66</u>	<u>542,056.38</u>	<u>2,044,056.38</u>
			<u>\$2,700,201.88</u>

CH ARE AN INTEGRAL PART OF THIS BALANCE SHEET

NOTES TO FINANCIAL STATEMENTS

Note 1: Proposed assessment of additional Federal taxes for the years 1940 and 1941, aggregating \$29,494.34. This proposed assessment has been appealed.

Note 2: Cumulative dividends are unpaid as follows:

First preferred stock, since June 30, 1935	\$404,880.00
Second preferred stock, since June 30, 1930	329,700.00
	\$734,580.00

Note 3: Renegotiation of War Contracts and/or Subcontracts: Since the company has contracts and/or subcontracts with the Navy Department, War Department and Treasury Department, it is subject to the provisions for renegotiations of government contracts contained in Section 403 of the "Sixth Supplemental National Defense Appropriation Act, 1942," as amended by the Revenue Act of 1942, approved October 21, 1942. This section which is to remain in force during the continuance of the present war and for three years after its termination, provides, among other things, for renegotiations of contracts made with the above mentioned government departments, including subcontracts, and for the withholding or recovery of amounts found as a result of such renegotiations to represent excessive profits. The Act as amended contains provisions for limiting, in certain circumstances which are not presently applicable to the company, the period in which renegotiations may be commenced.

No communication has been received by the company from any of the constituted Price Adjustment Boards requesting renegotiations with respect to any of its contracts or subcontracts.

In determining the amount of excessive profits, if any, to be eliminated through renegotiations, the Act provides that credit shall be allowed for Federal income and excess profits taxes as provided in Section 3806 of the Internal Revenue Code.

The company is unable to predict what effect, if any, this act may have upon its financial condition or the amount of its past, current or future earnings, but it may be material.

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ANNUAL STATEMENT

OF THE

BEARINGS COMPANY OF AMERICA

Lancaster, Penna.

For the year ended December 31, 1943

MARCH 1, 1944.

TO THE STOCKHOLDERS:

Your directors present herewith the annual report of the company for the year ended December 31, 1943, together with a balance sheet for the year then ended. As heretofore the accounts of your company were examined by Messrs. Lybrand, Ross Bros. & Montgomery.

The operations of the year ended December 31, 1943, resulted in a profit of \$195,333.78 after all expenses, including provision for Federal and State taxes of \$618,919.45 and social security taxes of \$44,562.97, but before provision for profits which may be refundable to the United States Treasury through renegotiations proceedings if instituted subsequent to this date under the War Profits Control Act.

The profit of \$218,529.33 previously reported for the year 1942 was reduced by \$65,597.65 through renegotiation proceedings subsequently concluded with the Price Adjustment Board.

While no communication has been received by the company from any of the constituted Price Adjustment Boards requesting renegotiations in respect to any of its contracts or subcontracts completed during the year 1943, it is reasonable to suppose that the profits for that year will be renegotiated, but the amount that may be refundable, in that event, is not presently determinable.

The net sales for the year 1943 were \$3,009,338.71, which amount is approximately \$87,000 greater than the net sales for the year 1942, while the cost of sales for the year 1943 increased approximately \$36,000 over the year 1942, resulting in an increase in gross profit of approximately \$51,000 for 1943 over the year 1942.

Allowances for depreciation of plant and equipment have been made in the amount of \$70,157.70 for 1943, as compared with \$76,002.07 for 1942. Selling expenses have decreased approximately nine per cent and administrative and general expenses have increased approximately sixteen per cent during 1943 over the preceding year.

During the year 1943 the company purchased 638 shares of its first preferred stock at a cost of \$55,288.20 and 120 shares of its second preferred stock at a cost of \$3,005.00.

All of these shares were retired except 122 shares of first preferred stock which were added to the company's investment account for first preferred stock at a cost of \$10,700.00. The company now owns 3,133 shares of its first preferred stock purchased at a cost of \$291,444.60. These shares are held in reserve for future sinking fund requirements, if and when needed.

Very truly yours,

JACK L. STRAUB, *President.*

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BEARINGS COMPANY

(A DELAWARE CORPORATION)

BALANCE SHEET,

ASSETS

CURRENT:

Cash on hand and demand deposits in bank	\$ 417,433.23
Investments in United States Treasury certificates of indebtedness and savings notes, at cost and accrued interest	250,529.05
Accounts receivable, customers, net of allowance for discounts and doubtful accounts . .	173,612.01
Inventories, at cost or market whichever lower	518,216.79
	<u>\$ 1,359,791.08</u>

Due from United States Government, post war refunds of excess profits taxes, noninterest bearing, estimated	75,450.61
Deposits in closed bank, net of allowance for loss (ultimate loss has not been determined) . .	12,827.25
Stock of Pennsylvania Manufacturers' Association Casualty Insurance Company, at cost . .	750.00

Real estate, plant and equipment:

Land	\$ 34,141.00
Buildings, machinery and equipment, office furniture and fixtures, automobile and truck	\$2,225,206.66
Allowance for depreciation	<u>1,362,478.94</u> <u>862,727.72</u> 896,868.72
Patents, net of amortization	493.51
Goodwill	140,500.67

Investment, Bearings Company of America First Preferred Stock:

3,133 shares of first preferred stock purchased and held for future Sinking Fund requirements, if and when needed, at cost	291,444.60
(These shares are in addition to shares purchased and retired during the year ended December 31, 1943, to comply with the provisions of the sinking fund at January 1, 1944).	

Prepaid and deferred expenses:

Prepaid Insurance	\$ 5,071.83
Federal capital stock tax, estimated	<u>4,375.00</u> <u>9,446.83</u>
	<u><u>\$2,787,573.27</u></u>

SEE ANNEXED NOTES TO FINANCIAL STATEMENTS, WHICH A

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RPORATION)

CEMBER 31, 1943

CURRENT:

LIABILITIES

Customers' credit balances	\$2,870.15
Social security and withholding tax collections from employees	12,622.07
Accrued:	
Salaries, wages and commissions	\$ 22,730.29
Social Security taxes	14,566.85
Federal and State income taxes including Federal excess profits tax of \$543,000, estimated	641,800.00
Other corporate taxes, estimated	14,800.00
Miscellaneous	3,791.60
	<u>697,688.74</u>
	\$713,180.96

CAPITAL

Capital stock outstanding:

First 7 per cent cumulative preferred, 10,207 shares, \$100 par value	1,020,700.00
(Sinking Fund of 20 per cent of annual net profits after Federal taxes and first preferred stock dividends unless such profits are less than \$250,000, then all of such profits not in excess of \$50,000.)	
Second 8 per cent cumulative preferred, 3,177 shares, \$100 par value	317,700.00
Common, 100,000 shares, \$1 par value	100,000.00
	<u>\$1,438,400.00</u>

Capital surplus:

Arising from reduction of the stated value of common stock \$152,425.00	
Arising from purchase and retirement of first and second preferred stock	442,965.51
	<u>\$595,390.51</u>
Less Patents charged off	161,046.99
Balance of capital surplus, December 31, 1943	<u>434,343.52</u>

Earned Surplus:

Balance January 1, 1943 (Note 2)	\$123,719.66		
Adjustment of net Income of the year 1942 following renegotiation proceedings on United States Government contracts	65,597.65		
Adjusted balance at January 1, 1943	<u>\$58,122.01</u>		
Income for the year 1943 (Note 3)	195,333.78		
	<u>\$253,455.79</u>		
Less Dividends paid on first preferred stock	51,807.00		
Earned surplus Dec. 31, 1943 (Notes 1, 3 and 4)		<u>201,648.79</u>	<u>635,992.31</u>
			<u>2,074,392.31</u>
			<u>\$2,787,573.27</u>

NOTES TO FINANCIAL STATEMENTS

Note 1: Cumulative dividends are unpaid as follows:

First preferred stock since June 30, 1936.....	\$371,385.00
Second preferred stock since June 30, 1930.....	343,116.00
	\$714,501.00

Note 2: The results of operations for the year 1942 were subject to renegotiation under the War Profits Control Act to the amount of \$65,597.65, after giving effect to Federal taxes on the amended income of that year, which amount is reflected in the earned surplus account as of January 1, 1943.

Note 3: While no communication has been received by the company from any of the constituted Price Adjustment Boards requesting renegotiations in respect of any of its contracts or subcontracts completed during the year 1943, it is reasonable to suppose that the profits for that year will be renegotiated, but the amount that may be refundable, in that event, is not presently determinable.

Note 4: Subject to possible assessments of additional Federal taxes, if any, on income for the year 1942.